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**U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT**



**BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON FEDERALISM AND THE CENSUS**

FIELD HEARING

CARNEGIE, PENNSYLVANIA

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Good morning. I am Pamela Hughes Patenaude, Assistant Secretary for Community Planning and Development at the Department of Housing and Urban Development. I am pleased to be here in Carnegie on behalf of Secretary Alphonso Jackson.

Thank you, Mr. Chairman, Representative Dent, and Representative Murphy for scheduling this field hearing to gather information on the performance of the Community Development Block Grant program and its influence on the City of Pittsburgh and the surrounding area. I am pleased to appear before you today, near my hometown of Pittsburgh, alongside the Honorable Dorothy Kelly and the Honorable Diana Irey, to discuss the impact of CDBG funding and hear from local recipients of CDBG assistance.

As Assistant Secretary for Community Planning and Development, I am responsible for the administration of the Community Development Block Grant program. My predecessor, now-HUD Deputy Secretary Roy Bernardi, last testified before this sub-committee on May 24, 2005. During previous hearings, Mr. Bernardi testified on various CDBG issues including the grant allocation formula, eligible activities, and performance measures. We now have a unique opportunity to hear from local grantees and organizations assisted by CDBG.

Let me also use this opportunity to note that the President, via his 2006 Budget, has proposed to consolidate 18 programs within the Department of Commerce, including the CDBG Program. These programs would be consolidated into one new program -- The Strengthening America's Communities Initiative. This Initiative would support communities' efforts to meet the goal of improving local economic conditions by simplifying access to federal funds, increasing flexibility, improve targeting, and establishing strong accountability measures.

However, let me begin with a brief overview of the Community Development Block Grant program. The CDBG program has been the Federal government's primary vehicle for assisting local governments in undertaking a wide range of community development activities aimed toward improving the lives of low- and moderate-income persons in the United States. In the course of its thirty-year history, CDBG has provided a ready source of funding for housing rehabilitation programs, public services, public facilities and infrastructure, and economic development activities.

The City of Pittsburgh has focused its planning and community efforts on economic development and the revitalization of its neighborhoods transforming itself into one of America's leading 21st Century cities.

The City has used CDBG funds to address more traditional challenges found in former manufacturing centers such as aging housing stock and economic development. The City of Pittsburgh has reported that since 1974, CDBG has provided housing rehabilitation funding for approximately 18,000 units - the majority of which benefit low- and moderate-income households. I would like to provide a couple of examples with respect to Pittsburgh's economic development. A small CDBG economic development loan in East Liberty led to the opening of a Whole Foods Market in a commercial district that

had been declining for 40 years. Whole Foods has hired nearly 150 neighborhood residents to work in what was once an abandoned warehouse. This grocery store is expected to be a catalyst for additional commercial development nearby. Project officials indicate that the commitment of CDBG funds to this project was key in securing private investors.

The City is also undertaking a major redevelopment effort to transform the 123-acre site of a former steel plant, an area known as South Side Works. Redevelopment plans call for offices, shops, and housing on the site. Total investment in the project is estimated to be approximately \$350 to \$450 million, with an expected 5,600 jobs created, many of which will go to low- and moderate-income persons. CDBG-related funding in the project to this point includes construction financing for two parking structures and related infrastructure improvements. Upon completion of the project, real estate taxes will be approximately \$8 million annually, a significant improvement over only a few years ago.

Another major CDBG grantee in the metropolitan area is Allegheny County. Allegheny County's Fiscal Year 2005 grant is more than \$18 million, and the county operates one of the largest urban county programs in the nation, with 125 cooperating jurisdictions.

The County's CORE housing program combines funds from HUD's CDBG and HOME Investment Partnerships programs to support affordable housing developments throughout the County. Both non-profit and for-profit developers may access these funds for new construction or for the conversion of existing single- and multi-family properties for the benefit of low- and moderate-income buyers. The county's CORE program also provides funding for single-family owner-occupied rehabilitation activities. Over the past six and a half years, Allegheny County has dedicated almost \$3.2 million of CDBG funds that have provided 294 housing rehabilitation loans for low- and moderate-income homeowners.

CDBG helps communities across the nation address a variety of needs and funds an array of activities. However, it is often difficult to measure results. Therefore, HUD is implementing a comprehensive performance measurement framework for all of our formula grant programs – with a specific focus on CDBG. We anticipate that this will help HUD improve performance and track results.

Our partners – public interest groups representing cities, states and counties across the country – are helping us to design a better performance measurement system. We will be conducting four forums around the country in the next few weeks to obtain input on how to best implement this proposed system. One of the forums will be held in Philadelphia this Wednesday. It is our belief that with better performance measurement tools, grantees such as Pittsburgh and Allegheny County will be able to design programs that maximize resources and results for low- and moderate- income citizens and communities. Cooperation with local communities will be essential to our success as we move forward, which is why this hearing today is so valuable.

Thank you, and I look forward to answering your questions.